

Market Commentary:

- The SGD SORA OIS curve traded significantly lower yesterday with shorter tenors trading 3-4bps lower while belly tenors traded 4-5bps lower and 10Y traded 6bps lower.
- Flows in SGD corporates were heavy, with flows in PSASP 2.23% '35s, EQIX 2.9% '32s, SLHSP 3.48% '32s, STTDC 5.7%-PERP and SUNSP 3.4% '31s.
- As reported in The Business Times, a group comprising the property investment arm of Chinese e-commerce company JD.Com, Swiss investment firm Partners Group and EZA Hill Property, are planning to list a Singapore-based real estate investment trust ("REIT") as soon as 2026 with assets of more than USD1bn. The REIT will reportedly focus on industrial and logistics assets across South-east Asia with the group jointly acquiring several logistics assets in August.
- As per Bloomberg, New World Development Co Ltd sold the retail podium of 83 Wing Hong Street in Cheung Sha Wan, Hong Kong, for ~HKD120mn (USD15.4mn), the podium includes six shops, each between 750 and 2,000 sq ft. Meanwhile, Yuzhou Group Holdings Co Ltd obtained restructuring consents from noteholders of its 6% senior notes maturing in 2027.
- In Malaysia, PNB Merdeka Ventures Sdn. plans to issue up to MYR6bn (USD1.4bn) in Islamic bonds to partly fund the Merdeka 118 precinct development and refinance existing sukuk. The project includes the world's second tallest building, Merdeka 118, with office space at 70% occupancy and the new Park Hyatt Kuala Lumpur.
- Bloomberg Asia USD Investment Grade traded flat at 62bps and Bloomberg Asia USD High Yield spreads tightened by 1bps to 341bps respectively. (Bloomberg, OCBC)

Credit Summary:

- **CapitaLand Ascott Trust ("ART"):** ART has bought three freehold rental housing properties in Japan for a total of JPY4bn (~SGD34.2mn). Two of the rental housing properties are in Osaka while the third is in Kyoto.
- **CapitaLand Investment Limited ("CLI"):** CapitaLand Commercial C-REIT (CLCR) has obtained approval from the China Securities Regulatory Commissions (CSRC) for the registration of its listing on the Shanghai Stock Exchange.
- **Qantas Airways Ltd ("Qantas"):** Qantas announced its full year results for the financial year ended 30 June 2025 ("FY2025"). On an underlying EBIT basis, operating performance was stronger at the Jetstar Group business segment while Qantas Domestic was relatively flat. Qantas' credit profile continues to be underpinned by healthy travel demand and manageable, albeit increasing leverage.
- **National Australia Bank Ltd ("NAB"):** NAB announced the appointment of Mr Inder Singh as Group Chief Financial Officer and Group Executive, Strategy. Mr Singh will commence in March 2026 and will oversee NAB's finance functions and Strategy and Group Development teams.

Credit Headlines

CapitaLand Ascott Trust ("ART")

- ART has bought three freehold rental housing properties in Japan for a total of JPY4bn (~SGD34.2mn). Two of the rental housing properties are in Osaka while the third is in Kyoto.
- This is small transaction versus ART's total assets as at 30 June 2025 of SGD8.8bn.
- The transaction is in line with ART's move towards increasing its proportion of long stay accommodation. As at 30 June 2025, longer-stay accommodation (rental housing and student accommodation) accounted for 17% of the portfolio value. ART remains committed to increasing this allocation to 25-30% over the medium term. (Company, OCBC)

CapitaLand Investment Limited ("CLI")

- CapitaLand Commercial C-REIT (CLCR) has obtained approval from the China Securities Regulatory Commissions (CSRC) for the registration of its listing on the Shanghai Stock Exchange.
- CLCR will be CLI's eighth listed fund and is set to become China's first international-sponsored retail C-REIT.
- CLCR is expected to raise approximately RMB2.1bn through the issuance of 400 million units and is expected to take place by 4Q2025.
- CLCR will invest in operating retail assets in China and currently comprises two well-located retail assets in Tier-1 and strong Tier 2 cities, with a combined gross floor area of 168,405sqm and an overall occupancy rate of 96%, as at 31 March 2025.
 - **CapitaMall SKY+, Guangzhou:** Lifestyle destination in Baiyun Central Business District catered to residential and commercial catchment.
 - **CapitaMall Yuhuating, Changsha:** Community mall in Yuhua District serving a dense population of residents and office workers.
- The listing aligns with CLI's strategy to tap onshore capital, expand funds under management, and increase recurring fee income, as previously communicated to the market. (Company, OCBC)

Qantas Airways Ltd ("Qantas")

- Qantas announced its full year results for the financial year ended 30 June 2025 ("FY2025"). On an underlying EBIT basis, operating performance was stronger at the Jetstar Group business segment while Qantas Domestic was relatively flat. Qantas' credit profile continues to be underpinned by healthy travel demand and manageable, albeit increasing leverage.
- **Stronger profit y/y in FY2025:**
 - Statutory profit after tax for Qantas for FY2025 was AUD1.6bn, increasing 28.3% y/y. The AUD1.6bn includes the impact from the closure of Jetstar Asia and provisions. In June 2025, Qantas announced that it will be closing its intra-Asia airline. Per Qantas, this move will enable Qantas to recycle up to AUD500mn in capital and support its fleet renewal program. Qantas is expected to recognise closure related expenses on Jetstar Asia in FY2026 as well.
 - Consolidated revenue and other income were AUD23.8bn in FY2025, up 8.6% y/y. By absolute amount, growth was driven by net passenger revenue which makes up ~86% of the top line, although net freight revenue and other revenue and income also grew.
 - Total expenditures grew by 7.4% y/y to AUD21.3bn although fuel, the third largest expenditure component, was lower by 5.9% y/y to AUD5.0bn.
 - Underlying EBIT and underlying profit before tax was AUD2.6bn (up by 15.8% y/y) and AUD2.4bn (up by 15.2% y/y) respectively. Underlying profit before tax for FY2025 does not include AUD93mn of legal provisions and related costs (mainly linked to Qantas firing employees and outsourcing work instead during the pandemic which was found to be illegal) and AUD39mn of costs linked to the closure of Jetstar Asia.
- **Segment performance in 2HFY2025 (underlying EBIT basis) was mixed:**
 - **Qantas Domestic:** This segment recorded an Underlying EBIT of AUD1.0bn (falling marginally y/y by 0.7%) with an EBIT margin of 13.9% in FY2025 (FY2024 operating margin of 14.7%). Per Qantas, the

performance was driven by continued return of corporate and small and medium-sized enterprises business passengers offset by cost escalations. While revenue improved y/y by 5.2%, Qantas faced cost pressures such as for aircraft parts, airport charges, labour legislation that closed loopholes in pay disparity, as well as workforce training and other costs in preparation for Qantas' fleet renewal program.

- **Qantas International (including Freight):** Underlying EBIT was AUD596mn, increasing by 7.2% y/y in FY2025. Per Qantas, this reflects the ongoing capacity restoration in its international markets, with demand strong. Despite uncertainties from tariffs, net freight revenue increased by ~7% y/y.
- **Jetstar Group:** Underlying EBIT was AUD769mn in FY2025, increasing by a significant 54.7% y/y, driven by strong demand, capacity growth, transformation activities that offset cost inflation, operational improvements and lower fuel costs.
- **Qantas Loyalty:** Underlying EBIT was AUD556mn in FY2025, increasing by 8.8% y/y, driven by increased member engagement, offset by amount spent to launch Classic Plus for the domestic market.
- **Credit metrics manageable:**
 - Qantas reported Underlying EBITDA of AUD4.6bn in FY2025, with finance cost of AUD354mn, resulting in a robust underlying EBITDA/Interest coverage of 13.1x.
 - As at 30 June 2025, gross debt (including lease liabilities) was AUD7.96bn, we find gross debt-to-EBITDA for FY2025 at a healthy 1.7x.
 - Short-term debt (including lease liabilities) was AUD643mn, representing only ~8% of gross debt (including lease liabilities). Committed undrawn facilities of AUD1.4bn and cash of AUD2.2bn provide ample liquidity to meet short-term obligations. Separately, Qantas also has more than AUD8.6bn in unencumbered fleet and other assets that can be used to raise secured funding if need be.
 - Net capex for FY2025 was AUD3.85bn, mainly for aircraft payments and maintenance, with FY2026 guidance higher at AUD4.1bn to AUD4.3bn. This is expected to push Qantas' net debt levels higher. (Company, OCBC)

National Australia Bank Ltd ("NAB")

- NAB announced the appointment of Mr Inder Singh as Group Chief Financial Officer and Group Executive, Strategy. Mr Singh will commence in March 2026 and will oversee NAB's finance functions and Strategy and Group Development teams.
- Mr Singh is currently the Chief Financial Officer of QBE Insurance Group and previously held positions at Deutsche Bank AG and UBS Group AG.
- Acting Group Chief Financial Officer Shaun Dooley will return to the position of Group Chief Risk Officer in March 2026. (Company)

New Issues:

Date	Issuer	Description	Currency	Size (mn)	Tenor	Final Pricing
27 Aug	Hokkaido Electric Power Co Inc	Green, Fixed	USD	500	5Y	T+83bps (Par to Yield: 4.587%)
27 Aug	Luoyang Cultural Tourism Investment Group Co. Ltd. (guarantor: Henan Zhongyu Credit Promotion Co Ltd)	Fixed	USD	37.3	3Y	7.40%

Mandates:

- There were no notable mandates yesterday.

Key Market Movements

	28-Aug	1W chg (bps)	1M chg (bps)		28-Aug	1W chg	1M chg
iTraxx Asiax IG	67	0	-1	Brent Crude Spot (\$/bbl)	67.5	-0.3%	-3.7%
				Gold Spot (\$/oz)	3,391	1.6%	2.3%
iTraxx Japan	54	-0	-3	CRB Commodity Index	301	1.6%	-0.9%
iTraxx Australia	66	-1	-1	S&P Commodity Index - GSCI	546	0.7%	-0.6%
CDX NA IG	50	-1	-0	VIX	14.9	-5.4%	-1.2%
CDX NA HY	107	0	-0	US10Y Yield	4.22%	-11bp	-19bp
iTraxx Eur Main	55	2	2				
iTraxx Eur XO	274	6	6	AUD/USD	0.651	1.4%	-0.1%
iTraxx Eur Snr Fin	59	3	3	EUR/USD	1.164	0.3%	0.5%
iTraxx Eur Sub Fin	102	6	5	USD/SGD	1.286	0.2%	0.1%
				AUD/SGD	0.837	-1.2%	0.2%
USD Swap Spread 10Y	-54	-1	-0	ASX200	8,973	-0.5%	3.2%
USD Swap Spread 30Y	-84	-2	-1	DJIA	45,565	1.4%	1.6%
				SPX	6,481	1.3%	1.4%
China 5Y CDS	44	0	4	MSCI Asiax	831	0.6%	0.6%
Malaysia 5Y CDS	39	-1	-1	HSI	24,929	-0.7%	-2.5%
Indonesia 5Y CDS	67	-1	-3	STI	4,244	0.3%	0.1%
Thailand 5Y CDS	38	-1	-1	KLCI	1,592	-0.1%	4.1%
Australia 5Y CDS	11	-1	0	JCI	8,003	1.4%	5.1%
				EU Stoxx 50	5,393	-1.4%	1.0%

Source: Bloomberg

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